

TAXATION OF REINSURANCE RESERVE.

ATTORNEY-GENERAL'S DEPARTMENT,

RALEIGH, N. C., March 6, 1908.

HON. B. F. DIXON, *State Auditor, Raleigh, N. C.*

DEAR SIR:—Replying to your favor, with enclosed letter from Messrs. Robinson & Shaw, I beg to state that I cannot agree with their construction of section 27 of the Machinery Act. This section does not state that the reinsurance reserve of an insurance company shall be deducted from the capital stock; it expressly states that "insurance companies may deduct from solvent credits due to them an amount equal to their reinsurance reserve." The words "solvent credits due to them" do not mean capital stock, but mean credits due the insurance company in the way of surplus which they have invested in stocks, bonds, mortgages, etc. Of course, part of their capital stock may be invested in stocks, bonds, mortgages, etc., and when it is so invested it becomes a part of the solvent credits from which may be deducted the reinsurance reserve.

It is the duty of these insurance companies to furnish you with an itemized statement showing exactly how much of their surplus or capital stock is invested in these solvent credits due them, in order that you may determine whether all of the reinsurance reserve shall or shall not be exempt from taxation.

Very truly yours,

HAYDEN CLEMENT,

Assistant Attorney-General.

TAX ON PIANOS AND SEWING MACHINES.

ATTORNEY-GENERAL'S DEPARTMENT,

RALEIGH, N. C., May 26, 1908.

HON. B. F. DIXON, *State Auditor, Raleigh, N. C.*

DEAR SIR:—Replying to your favor requesting an opinion upon the following statement of facts, to-wit: That the Steiff Piano Company and the Singer Sewing Machine Company sell pianos and machines to certain parties in this State, and deliver the same to the said parties, signing the said parties up in a certain contract which purports to be a lease or rent of the pianos or machines; that these leases, together with the notes securing the same, are sent to the home offices of these foreign corporations, which are outside of the State. The question then arises, who should pay tax upon the pianos and machines which are placed in this State in the hands of the several purchasers in compliance with the terms of the said lease?

Now, the said lease, which purports to be a rent of the piano or machine, is a conditional sale, and it is drawn up in the form of a